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Information Brief



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State's "Actual" Workforce Is Increasing Primarily Due to Growth In Outside Jobs

at a glance

State government is the largest employer in Florida—and that is counting only state employees whose positions are established within state personnel systems or whose jobs are funded by other personal services (OPS) dollars appropriated by the Legislature.¹ Often overlooked are the thousands of "outside" workers, such as employees of state service contractors, grantees, community colleges, and public school districts, whose positions are funded in whole or in part with state dollars.

Based on readily available fiscal and labor market data, we estimate that the combined total of state employees and outside workers supported by state funding increased from 500,389 in Fiscal Year 1996-97 to 540,724 in Fiscal Year 2000-01 (8.1% increase). This increase was primarily due to growth in outside jobs, which increased from 298,038 to 332,552 jobs (11.6% increase). The increase in outside jobs was likely due to several factors, including increases in school district employees and the trend to outsource more state functions.

Purpose

Pursuant to s. 11.511, *Florida Statutes*, the Director of OPPAGA initiated this project as a follow-up to our prior report released in March 2001, which was conducted to assess the state's use of outside employees

¹ The state's personnel systems include the State Personnel System, the State University System, the State Courts System, the Legislature, the Florida Lottery, the Auditor General, and other executive pay plans. The other executive pay plans consist of much smaller entities that are not included in any of the six personnel systems.

in Fiscal Year 1999-00.^{2,3} Specifically, this report estimates the number of outside employees financed by state funding in each year during the period from Fiscal Year 1996-97 through Fiscal Year 2000-01, and compares these estimates to the estimated number of established state positions and OPS employees.

Background

According to the Department of Management Services' 2000 *Annual Workforce Report*, state government is the largest employer in Florida—and that is counting only state employees who are part of the state personnel system or paid through "other personal services" funds appropriated by the Legislature. Not considered are thousands of outside workers whose positions are paid for with state dollars.

Inclusion of outside workers can greatly influence estimates of the actual size of government. For example, in 1999, the reported size of the federal civil service was 4.11 million employees. However, the number of federal workers ballooned to 12.19 million when people paid through federal contracts and grants were counted.⁴

² *Special Review: Government "Outside" Workforce Exceeds Number of State Personnel System Employees*, [OPPAGA Report No. 01-16](#), March 2001.

³ An outside employee is one whose job is funded by state contracts, grants, or direct appropriations, including community college and school district employees.

⁴ The federal civil service was composed of 1.8 million federal civil servants, 1.44 million uniformed military personnel, and 870,000 postal service workers. Based on analysis of secondary budget and personnel data, Paul C. Light of The Brookings Institution estimated that the total size of the federal government also included 5.55 million jobs resulting from federal contracts and 2.53 million jobs resulting from federal grants. For an explanation of this data, please see Paul C. Light, "[Pressure to Grow](#)," *Government Executive Magazine*, October 2000.

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Currently, there is no direct data regarding the size of Florida’s outside workforce. Florida law does not require employers of state-funded outside workers to provide the state with information pertaining to the number of their employees working on state projects. Moreover, state agencies do not obtain data on the outside employees of state fund recipients. Consequently, we used a multi-stage analysis to estimate the size of the state’s “outside” workforce, as discussed on pages 3 and 4 of this report.

**State-Funded Workforce:
Estimated Actual Size**

Florida’s workforce supported by state funding includes (1) state government employees in several personnel systems and “other personal services” (OPS) employees, and (2) outside workers, such as state service contractors and employees of non-state organizations and local governments whose positions are paid for in whole or in part with state dollars.

We estimate that the combined total of state employees (including OPS jobs) and outside workers supported by state funding increased from 500,389 in Fiscal Year 1996-97 to 540,724 in Fiscal Year 2000-01 (8.1% increase).⁵ This increase was primarily due to growth in outside jobs, which increased from 298,038 to 332,552 (11.6% increase). (See Exhibit 1.)

⁵ The number of established state positions increased from 169,414 in Fiscal Year 1996-97 to 172,511 in Fiscal Year 2000-01. The estimated number of OPS jobs increased from 32,937 in Fiscal Year 1996-97 to 35,661 in Fiscal Year 2000-01.

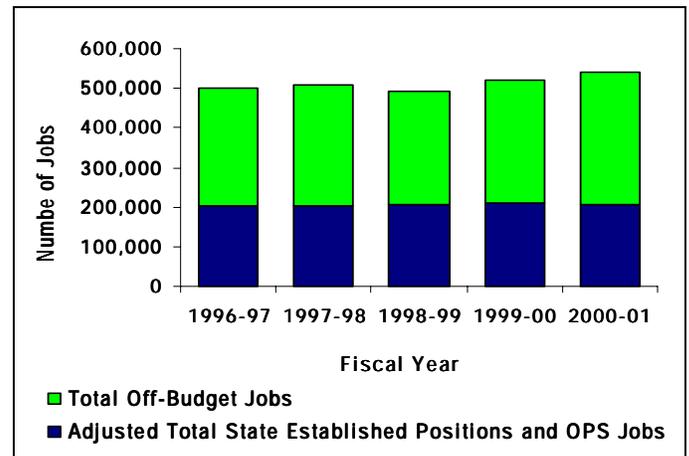
**Exhibit 2:
Established State Positions Increased 1.83% From 1996 to 2000¹**

| | Number of Established Positions and Percentages | | | | | | | | | |
|------------------------------------|---|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | 1996 | | 1997 | | 1998 | | 1999 | | 2000 | |
| State Personnel System | 124,657 | 73.6% | 125,668 | 74.8% | 124,838 | 73.0% | 124,160 | 72.2% | 123,505 | 71.6% |
| State University System | 31,824 | 18.8% | 29,496 | 17.5% | 32,324 | 18.9% | 33,969 | 19.7% | 34,831 | 20.2% |
| Justice Administration | 7,215 | 4.3% | 7,108 | 4.2% | 7,835 | 4.6% | 8,003 | 4.7% | 8,313 | 4.8% |
| State Courts System | 1,754 | 1.0% | 1,784 | 1.1% | 1,921 | 1.1% | 1,988 | 1.2% | 2,096 | 1.2% |
| Legislature | 1,193 | 0.7% | 1,153 | 0.7% | 1,211 | 0.7% | 1,312 | 0.8% | 1,331 | 0.8% |
| Legislature: Auditor General | 616 | 0.4% | 619 | 0.4% | 619 | 0.4% | 455 | 0.3% | 450 | 0.3% |
| Florida Lottery | 738 | 0.4% | 674 | 0.4% | 722 | 0.4% | 715 | 0.4% | 525 | 0.3% |
| Other Systems & Pay Plans | 1,417 | 0.8% | 1,600 | 1.0% | 1,437 | 0.8% | 1,467 | 0.9% | 1,460 | 0.8% |
| Total Established Positions | 169,414 | 100.0% | 168,102 | 100.0% | 170,907 | 100.0% | 172,069 | 100.0% | 172,511 | 100.0% |

¹ Data in this exhibit excludes our estimates of the number of OPS jobs. We estimated there were 32,937 OPS jobs in Fiscal Year 1996-97 and 35,661 OPS jobs in Fiscal Year 2000-01.

Source: Department of Management Services, State of Florida Annual Workforce Report.

**Exhibit 1
Total Workforce Supported by State Funding Grew 8.1%
Since Fiscal Year 1996-97 Due to Increase in
Outside Workforce**



Source: OPPAGA analyses.

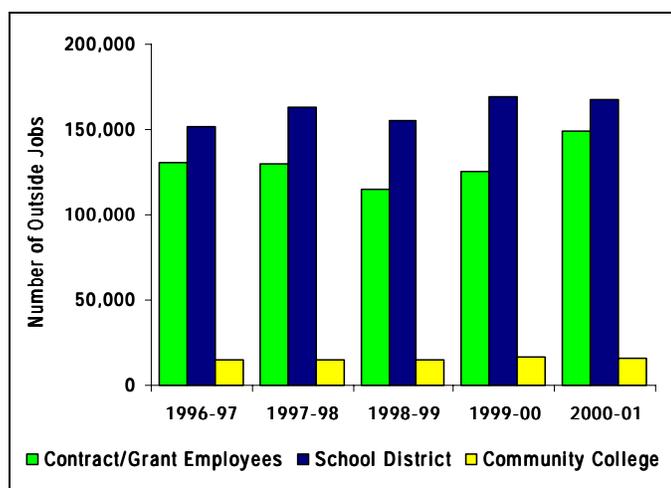
Exhibit 2 illustrates that the number of established state positions increased from 169,414 as of December 31, 1996, to 172,511 as of December 31, 2000 (1.8% increase). The number of established State Personnel System positions decreased from 124,657 to 123,505 (decrease of -0.92%).⁶ However, State University System positions increased from 31,824 to 34,831 (9.45% increase). The percentage of established state government positions represented by the State Personnel System decreased from 73.6% to 71.6%.⁷

⁶ During this period, the number of State Personnel System Career Service positions decreased from 120,652 to 118,913, Selected Exempt Service positions increased from 3,502 to 4,045, and Senior Management Service positions increased from 503 to 547.

⁷ This data excludes our estimates of the number of OPS jobs. We estimated there were 32,937 OPS jobs in Fiscal Year 1996-97 and 35,661 OPS jobs in Fiscal Year 2000-01.

Exhibit 3 shows that there was significant growth in the number of outside jobs generated by school districts and by state service contractors and employees of non-state organizations and local governments that received state grants and direct appropriations.⁸ The number of school district employees increased from 152,083 in Fiscal Year 1996-97 to 167,559 in Fiscal Year 2000-01 (10.18% increase). This increase was likely associated with growth in the number of students entering schools. Further, the estimated number of state service contractor and non-state organization and local government jobs funded by state appropriations increased from 130,702 to 149,296 (14.23% increase) during this period. Some of the growth in these jobs may reflect the state's recent efforts to outsource programs and functions in areas such as human services and transportation. Also, during this period, the number of community college employees increased from 15,253 to 15,697 (2.91% increase).

Exhibit 3
School District and Contract and Grant Employees
Significantly Increased From Fiscal Year 1996-97 to
Fiscal Year 2000-01



Source: OPPAGA analysis.

Methodology

Before OPPAGA's prior report, there had been no assessment of the size of Florida's outside workforce supported by state government service contractors, grantees, and other recipients of state funds. Past research in this area revolved around estimating the dollar value of outsourced government services rather than the number of employees working for private contractors and grantees.

⁸ Data was not readily available regarding the extent to which non-state organizations and local governments sub-contracted jobs to the private sector.

However, our literature review found that two entities, The Brookings Institution and the U.S. Army, have recently developed and used methodologies for estimating the number of jobs generated by federal government contractors. Paul C. Light, a senior fellow at The Brookings Institution, combined federal procurement data, labor market information, and the U.S. Department of Commerce Bureau of Economic Analysis' annual input-output accounts for the United States economy to derive a "rough" estimate of the number of employees working for private contractors hired by the federal government.⁹ In contrast, the U.S. Army used a more complicated and labor-intensive methodology that involved sampling contractual transactions by function (e.g., janitorial work), surveying hundreds of contractors, and then extrapolating the results to un-sampled contractual transactions.¹⁰

Although both methodologies rely on numerous assumptions, estimates, and subjective interpretations, we used a variation of Light's methodology to estimate the size of Florida's outside workforce. Our version of Light's methodology was selected because it did not subject state contractors, grantees, and other recipients of state funds to additional reporting requirements (including potentially confidential labor information); and it did not increase the administrative burden of agencies responsible for collecting workforce-related data.

Our methods for estimating the number of outside jobs and state positions are presented below.

Outside contract and grant-created jobs

To estimate the number of jobs funded by state contracts and grants, we first obtained legislative appropriations data, excluding federal funds, from the Legislative Appropriations System/Planning and Budgeting Subsystem (LAS/PBS) for every agency, program, and appropriation category for Fiscal Year 1996-97 through Fiscal Year 2000-01. We then subjectively classified each appropriation category for each program in each state agency by a Standard Industrial Classification (SIC) code.¹¹ We next applied the U.S. Department of Commerce Bureau of Economic Analysis' annual input-output accounts for the United States economy to each

⁹ Paul C. Light, *The True Size of Government*. The Brookings Institution Press: Washington, D.C. 1999.

¹⁰ U.S. Department of the Army (Office of the Assistant Secretary for Manpower and Reserve Affairs), *Contractor Shadow Force Study -- Contractor Manpower Equivalents Study Report*, <http://oasamra5.army.pentagon.mil/CMEStudy/CMEindex.htm>, 1998.

¹¹ The Standard Industrial Classification (SIC) is a method of grouping businesses that produce similar products or services in order to facilitate data collection and analysis. The SIC system is being replaced by North American Industry Classification System (NAICS) which identifies and groups hundreds of new services. However, key models used for this report relied on the SIC system.

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category to yield an estimate of the portion of the amount appropriated that went to outside employees' salaries.¹² Finally, we used SIC-based average wage data for Florida from the U.S. Covered Employment and Wages Program (ES-202 Program) to estimate the number of jobs generated by the amount of appropriations going to outside employees' salaries.¹³

Community College Jobs

The state provides the majority of funds for community colleges. To estimate the number of community college jobs funded by state dollars, we multiplied the percentage of total community college revenues that are from the state by the total number of community college employees. We did not distinguish between full-time and part-time employees in order to maintain comparability between this estimate and the estimates based on ES-202 reports, which also combine employee counts.

School District Jobs

The state provides the majority of funds for public school districts. To estimate the number of public school jobs funded by state money, we multiplied the percentage of total school district revenues that are from the state by the total number of public school employees.¹⁴

State Established Positions

The Department of Management Services' Workforce Program annually reports the number of established positions in the state's personnel systems. We used the number of established positions rather than the number of filled positions in our estimate because vacant positions are also subject to legislative action.

Other Personal Services (OPS) Jobs

The Department of Management Services' annual reports include data on the number of OPS jobs within state agencies, but it does not include OPS employment in the Legislature, Office of the Governor, State Courts System, State University System and the Florida Lottery. To estimate the number of OPS employees, we multiplied the number of OPS positions reported by the department by an estimate of the number of OPS employees working for other state entities. Consistent with our prior report, we did not distinguish between full-time and part-time OPS employees in order to maintain comparability between this estimate and the estimates based on ES-202 reports.

¹² The U.S. Department of Commerce Bureau of Economic Analysis' annual input-output accounts for the United States economy account for inputs and outputs into every industry, by SIC code. However, the compensation portions of those inputs were last calculated in late 1997 and were based on 1992 data.

¹³ The Covered Employment and Wages Program, commonly referred to as the ES-202 Program, is a cooperative program involving the U.S. Department of Labor and state employment agencies. The data we used was obtained from the Agency for Workforce Innovation.

¹⁴ Due to data availability, only full-time employees were included in this estimate.

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